



AHCCCS

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Our first care is your health care

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

June 3, 2005

Ms. Cathryn Echeverria
Office Chief
OSHCN/ Children's Rehabilitative Services
Arizona Department of Health Services
150 North 18th Avenue
Phoenix, AZ 85007

RE: AHCCCS contract # YH03-0032
DHS contract # 461371

Notice to Cure

Dear Ms. Echeverria:

In accordance with the terms of the Children's Rehabilitative Services (CRS) Contract with Arizona Health Care Cost Containment System (AHCCCS) (Section D, Paragraph 4,). AHCCCS Medical Policy Manual), the requirements delineated in the AHCCCS Medical Policy Manual (AMPM) are incorporated as part of the Contract. As such, non-compliance with the requirements specified in the Contract or in the AMPM may result in AHCCCS enforcement of the terms by any and all means established in the Contract (Section D, Paragraph 43, Sanctions).

Due to the circumstances described below, CRSA is hereby issued a *Notice to Cure*. All required Corrective Action Plans and amended documents must be submitted to the AHCCCS Division of Health Care Management (DHCM), Clinical Quality Management (CQM) Unit by July 1, 2005. If the documents are not received, CRSA may be subject to sanction(s) as specified in the Contract.

Quality of Care Concerns

AHCCCS Quality of Care case number: 2005-1045

- December 20, 2004, a quality of care concern was received by AHCCCS. On that same date, written notice was sent CRSA requesting an investigation, resolution and the application of any appropriate corrective actions to ensure that the concern was resolved from a systemic perspective.
- January 7, 2005, a response was received from CRSA, which was not responsive to any of the concerns identified by AHCCCS in the December 20, 2004 letter.
- January 13, 2005, a second letter was sent to CRSA requesting further clarification and requesting a corrective action plan regarding how CRSA was going to resolve the issues presented from a systemic perspective.
- February 2, 2005, a second response was received from CRSA, which again was not responsive to the concerns identified by AHCCCS in the December 20, 2004 letter, nor the January 13, 2005 letter.

- March 14, 2005, a third letter was sent to CRSA again asking for a corrective action plan regarding how CRSA would ensure that the systemic concerns were resolved.
- April 14, 2005 CRSA responded with a corrective action plan that was not responsive to the concerns identified by AHCCCS in the previous correspondence.

AHCCCS Quality of Care case number 2005-1102

- January 26, 2005, a quality of care concern was received by AHCCCS. On that same date, written notice was sent to CRSA requesting an investigation, resolution and the application of appropriate corrective actions to ensure that the concern was resolved from a system perspective.
- February 15, 2005, a response was received from CRSA that was not responsive to the concerns identified by AHCCCS in the January 26, 2005 letter.
- March 14, 2005, a second letter was sent to CRSA requesting further clarification and requesting a corrective action plan regarding how CRSA was going to resolve the issues presented from a systemic perspective.
- April 14, 2005 CRSA responded with a corrective action plan that was not responsive to the concerns identified by AHCCCS in the previous correspondence.

Quality-of-care issues, in both cases, were substantiated. CRSA must implement specific and ongoing corrective actions to immediately correct systemic issues, related to how care and services are provided through CRSA to AHCCCS members.

Delegation of Quality Management Functions. CRSA has delegated many functions, including quality management functions, to the CRS Regional Clinic sites. According to the AMPM, Chapter 900, Section 910C (C)(6), "The Contractor must oversee and maintain accountability for all functions or responsibilities that are delegated to other entities." Further, in Section 910 C (C) (6) (c) in the same section requires "The performance of the entity and the quality of services provided are monitored on an ongoing basis..."

By July 15, 2005 CRSA must develop, implement and submit to AHCCCS DHCM CQM a corrective action plan with specific action items, timelines and responsible persons assigned, to ensure that all quality management requirements in the AHCCCS Contract and in the AMPM are met. The Corrective Action Plan must include, at a minimum, the following components:

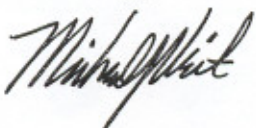
- CRSA must develop a quality management system, also described in policies and procedures, that includes grievances (including expressions of dissatisfaction, 42 CFR, Part 438, Subpart F), received anywhere in the CRSA system, that documents the following components:
 - A process to acknowledge receipt of the concern that clearly states what steps will be taken to resolve the grievance.
 - A research process that clearly documents all steps taken during the resolution process.
 - Processes to identify and implement specific actions/activities/interventions/corrective actions to resolve the grievance.
 - A process to communicate the resolution of the concern to the member/parent/guardian.

- A process to assess the level of severity of quality-of-care issues.
- A process to track and trend grievances, with appropriate actions taken when trends are identified.
- A process for review of ongoing, automated monitoring reports that provide oversight of each service site as well as the system as a whole.
- A process to ensure that appropriate referrals to licensing or certification organizations, AHCCCS, Adult Protective Service, the Attorney General and Child Protective Services are made.
- CRSA must develop a Quality Management Committee, chaired by the CRSA Medical Director, that meets at least quarterly and includes:
 - The QM/PI Manager
 - Representation from the functional areas within the organization, and
 - Representation of contracted or affiliated providers
- CRSA must develop a peer review process that is chaired by the CRSA Medical Director, and has access to applicable specialists to discuss appropriate quality/peer review issues.
- CRSA must identify specific staff assigned to monitor and oversee, and carry out the functions of the CRSA quality management program.

CRSA must submit, beginning August 15, 2005, monthly status reports that clearly indicate the progress made to implement the corrective actions contained in this *Notice to Cure*.

Please feel free to contact Kim Elliott, Ph.D., C.P.H.Q. Administrator, Clinical Quality Management at (602) 417-4782 if you have any questions or require clarifications.

Sincerely,



Michael Veit,
Contracts and Purchasing Administrator

C Rose Connor, Assistant Director, Arizona Department of Health Services